

The Dynamics of Security in the Asia-Pacific Region

M. Lyall Breckon • Thomas J. Hirschfeld

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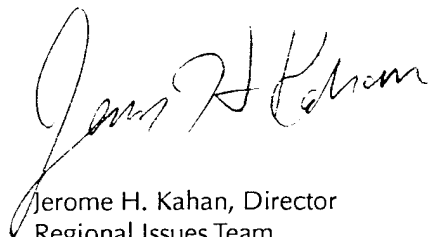
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A handwritten signature in black ink, appearing to read "Jerome H. Kahan". The signature is fluid and cursive, with the first name "Jerome" being more prominent than the last name "Kahan".

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The Research Memorandum represents the best opinion of CNA at the time of issue. It does not necessarily represent the opinion of the Department of the Navy.

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Summary

Rapid change in the Asia-Pacific Region (APR)—including explosive economic growth and the shifts in regional political and security perceptions this growth will generate—will present new problems and opportunities for U.S. defense planning in the next 15 years. Yet elements of continuity will remain, notably the critical importance of the U.S.-Japan defense relationship and continued basing of U.S. forces in that country for stability throughout the region. This will be true even as economic power becomes relatively more important than military power in Asian affairs, and as the United States becomes more interdependent with, and vulnerable to, developments in Asian economies.

The Navy will become a proportionately larger element of U.S. force presence in the Pacific, carrying more of the burden of preserving regional balance and maintaining the informal security system that has evolved since 1950. Apart from Korea, no formal region-wide or subregional security structures or force-related confidence-building arrangements on the European model are in prospect. Peacetime fleet missions in the APR will focus on reassurance and on deterrence of a diffuse range of threats to regional stability.

Region-wide arms modernization will reflect economic growth more than reactive arms races, unless the U.S. balancing role in regional security loses credibility. Sea and air forces will expand, but there will be no significant military challenge to U.S. forces in the Pacific. Yet distance and, especially, the perceptions of regional states require that fleet units be regionally based: surge capability, transitory presence, or assignment or earmarking of externally based forces will not be substitutes.

For these reasons, the Commander, Seventh Fleet, asked CNA to identify the most probable trends in the Asia-Pacific Region through 2010 and derive implications of those trends for U.S. forces—in

particular, for the Navy. This report summarizes the results of our research.

Key trends

The study foresees several important trends.

China's rise. China's most likely future will be continued economic reform and authoritarian central leadership, with evolution toward some democratic reforms possible. China's perception of its legitimate national rights—full control over what it views as its sovereign space and a greater voice in regional and world affairs—will create friction with its neighbors and with the United States. At the same time, China's growing stakes in the global economy will push it toward cooperation. China will build the military force it deems necessary, relying mainly on domestic production. China is unlikely to acquire a blue water navy during this period. Although not likely, a military crisis involving Taiwan cannot be ruled out.

Korea's unification. South Korea is likely to dominate the peninsula by 2010, through either confederation or takeover of the North. The probable fading of a Korean major regional contingency (MRC) during the study's period, and the resulting reordering and reduction of U.S. force presence in the APR, require early planning to avoid "singularization" of Japan, to avert a Korea-Japan confrontation, and to link forces of an emerging unified Korea to the United States.

Changes in Japan. Security issues and the U.S. relationship are likely to be politicized and more subject to the influence of popular opinion. Confidence in the U.S. security commitment and continued U.S. presence will be the key determinants of whether Japan builds independent military capabilities or considers the nuclear option. The interest of corporate Japan in Southeast Asian stability will increase. Economic and budget pressures are likely to heighten competition for funding between payment of U.S. support costs and support of Japanese forces.

Russian drawdown. Moscow's attention will be more focused on Europe and the former Soviet republics than on East Asia, but it will be a significant player in Northeast Asian calculations and would

strongly resist loss of territory. Its Far East forces are likely to continue to decline.

Evolution of the Association of Southeast Asian Nations (ASEAN).

A moderate core of Southeast Asian states with high economic growth rates will continue to set the subregion's agenda, and will likely continue to deal successfully with potential intra-ASEAN conflicts. ASEAN will include all ten Southeast Asian states by 2000. Vietnam's membership could give ASEAN a counter-Chinese tilt: all these governments are worried about China's future behavior in their area. ASEAN's military side will develop slowly, and it will not become a defense alliance.

South China Sea tensions. Overlapping claims in the South China Sea/Spratly Islands are likely to be a serious potential source of conflict for some time. ASEAN claimants regard them as a litmus test of China's intentions.

Security of straits and sea lines of communication (SLOCs). With annual increases of 10 to 15 percent in foreign trade, commercial traffic through the Straits of Malacca/Singapore and the South China Sea will increase fourfold by 2010. Likely threats to passage arise from this congestion and from other sources like crime and terrorism, rather than from military action by regional or other states.

Cooperation with Australia. Canberra will further develop defense relations in Southeast Asia, especially with Indonesia. Australia remains a durable U.S. ally whose objectives are congruent with those of the United States. There will be opportunities for greater cooperation on regional security, although Australia will maintain its separate identity and may diverge from the United States on the handling of some issues.

Continuity in South Asia. India will be the strongest power in South Asia through 2010, but will not have the naval capabilities forecast earlier by some observers. India worries that China will extend its reach to South Asia, but this appears unlikely to happen by 2010. Proliferation problems will continue to bedevil U.S. relations in the area. Limited U.S.-Indian security cooperation could develop later in the period.

Implications for the Navy

These trends have certain implications for U.S. forces in the APR, particularly the Navy.

Common strategic framework with Japan. Much greater effort will be needed to develop a common strategic framework with Japan within which U.S. force levels can be rationalized—a framework that justifies continued fleet presence and that avoids pushing Japan toward regional roles that could generate competitive counter-moves by its neighbors. Such planning should include Japan's defense role in a post-Korean MRC world, including the issue of the possible destabilizing effects of a Japanese ballistic missile defense program. The United States, and the Navy, will need to make greater efforts to generate support from both the Japanese elite and the public for U.S. basing and payment of support costs.

Korea. To avoid miscalculation between a unified Korea and Japan, and to avert a situation in which Japan is the only nation hosting U.S. bases, long-range planning for post-Korean MRC base force levels and composition, including the homeporting of some Seventh Fleet elements in Korea, should begin early. Navy planning should include consultations with Seoul on integrating future Korean defense capabilities with U.S. forces.

China. Military relations with China are likely to be a strong component of future U.S. efforts to encourage cooperative Chinese behavior in international affairs and enmesh that country in a web of mutually beneficial relationships. As China's maritime interests and naval forces expand, the U.S. Navy should look for ways to interact constructively with Chinese forces and avoid misunderstandings. Such actions, by demonstrating U.S. capabilities, would also hedge against the worst-case scenario of an expanding, aggressive China.

Taiwan conflict. Deterring armed conflict over Taiwan (as well as deterring Taiwanese moves that would provoke it) will be required for some time. A blockade, the likeliest PRC reaction if Taiwan declares independence, should be carefully gamed out, especially the political aspects.

Southeast Asia. There is still a need to counteract the effect of withdrawal from the Philippine bases and bridge the gap between permanent presence and periodic visits. The Navy should look for ways to become more directly involved on a practical, continuing basis in regional security as the Southeast Asians define it.

South China Sea. Fleet presence and capability to send forces to Southeast Asia will continue to be required for regional stability and for protecting U.S. interests. The United States has a strong interest in how Spratly Island claims are resolved. If it stood aside while China used intimidation or force to gain control over seabed resources, the value of U.S. force presence would be put into question, and other interests, including military access, could be damaged.

LOS implications. Consultation with key states to monitor and devise solutions to emerging problems with Law of the Sea (LOS) implications, e.g., straits congestion and archipelagic sea lanes, will help avoid confrontations that could damage broader interests.

Transnational issues. The study's review of looming transnational problems in Asia—food, other resources, health, demography—suggests major implications for APR countries, but no direct effects for the fleet apart from those mentioned above.

New facility agreements. There are important tradeoffs between operational benefits and political effects of acquiring new facilities in Southwest Asia. For example, the U.S. should examine the way in which any future use of facilities in Vietnam might affect our broader interests vis à vis China.

Australia. The Navy should look for opportunities to cooperate and share tasks with Australia on regional security.

India. Within the limits of overall relations, Navy contacts and exercises with India will serve U.S. objectives. Cooperation may be expanded later in the period.

Introduction

Background

This memorandum is the final report of a study sponsored by Commander, Seventh Fleet, to assess the security environment of the Asia-Pacific Region (APR) between now and 2010. The primary issues were how the fleet's purposes and objectives will change between now and 2010, and what the now-identifiable trends imply for fleet operations, problems, and opportunities.

In response, we identified the most probable evolutionary trends in the APR out to 2010 and derived implications for U.S. forces, and in particular the Navy. For purposes of this study, the APR corresponds to the Seventh Fleet's area of operations (AOR)—that is, roughly from Kamchatka to the Indian frontier with Pakistan.

We analyzed the effects that these trends would have on the APR, projected effects of such trends on U.S. national interests and objectives, and attempted to derive the implications of identifiable national and transnational trends for defense policies and programs, including but not confined to the policies and programs of the naval services.

Methodology

The CNA project team wrote a general and detailed project outline, which the sponsor approved. That outline was then broken into ten discrete country-specific, subregional, and transnational subjects that were assigned to expert analysts, as follows:

- **China:** Dr. Alfred Wilhelm (Atlantic Council)
- **Japan:** Professor Kent Calder (Princeton University)
- **Korea:** Professor Paul Bracken (Yale University)

- **Russian Far East:** Professor Charles Ziegler (University of Louisville)
- **Indian Ocean:** Paul Kreisberg (Woodrow Wilson Center, Smithsonian Institution)
- **Southeast Asia:** Lyall Breckon (CNA)
- **Weapon Acquisition:** Dr. William Durch (Henry L. Stimson Center)
- **Regional Cooperation:** James Lacy (CNA consultant)
- **Regional Economics and Technology:** Erland Heginbotham (National Planning Association)
- **Demographics and Health:** Judith Bannister (U.S. Census Bureau)

The project was directed by Thomas J. Hirschfeld (CNA).

Research team members conducted supporting interviews with government officials, military officers, and scholars in Washington, Japan, Korea, China, Hong Kong, Thailand, Malaysia, Singapore, India, Australia, Indonesia, the Philippines, and Vietnam, and in Hawaii with the CINCPAC staff and East/West Center and other scholars. The project team also drew heavily on expert opinion available in Washington, at the Departments of State and Defense, at the National Defense University (NDU), and from the intelligence and scholarly communities. The project sponsor provided questions and suggestions to the project team at an interim briefing in April 1995.

Because of its central importance, the China paper was reviewed at a special meeting of China scholars on May 5, 1995.¹ In addition, uniformed representatives of Pacific and Pacific-related commands helped the project team derive military and naval relevance from

1. Participants were Richard Solomon, U.S. Institute for Peace; Paul Godwin, NDU; Harry Harding, GWU; Ralph Clough, SAIS; Paul Kreisberg, Wilson Center; Alfred Wilhelm, Atlantic Council; Banning Garrett and Bonnie Glazer, private consultants; and Lyall Breckon, Christopher Yung, and Thomas Hirschfeld, CNA.

study findings at a review workshop at CNA, June 7-9, 1995.² The sponsor was given a final briefing on key findings and their implications on July 24, 1995, in Yokosuka.

Findings of the supporting studies mentioned above have been incorporated in this report. Eight will be published individually, and are cited throughout the document. Because research suggested the importance of indicators about the future of the Chinese navy, the team produced an additional research memorandum on that subject, authored by Christopher Yung (CNA), which is also cited. (These and other related CNA documents are listed on the inside back cover of this research memorandum.)

This research memorandum is the final report for this project. The following section, Research Findings, specifies the major identifiable trends in the region. Key trends, by our definition, are those trends affecting U.S. national security interests and U.S. forces (particularly the Navy) out to 2010. The third section addresses objectives for, and minor adjustments in, the broader peacetime fleet roles of deterrence and presence. The final section attempts to relate those trends to U.S. national interests, U.S. forces, and (where possible) to fleet operations, problems, and opportunities.

2. Participants were Cdr. Craig Baranowski, CINCPACFLT; Captain Richard Strickler, COMNAVFORJAPAN; Capt. Jesse Kelso, Seventh Fleet/COMLOGWESTPAC; Cdr. Charles Dixon, N-522 OPNAV; Captain Richard Diamond, N51 OPNAV; Capt. Larry Brown, N521 OPNAV; Cdr. Thomas Arnold, Joint Staff Asia-Pacific Division; Capt. Bernard Cole, NDU; Col. Larry Wilkerson (USA), Marine Corps War College; Peter Swartz, Lyall Breckon, Jerome Kahan, Henry Kenny, Christopher Yung, and Thomas Hirschfeld, CNA; and Richard Hayes, a CNA consultant.

Research findings

Asia and the Pacific are changing more rapidly than any other region in the world. Without knowing the exact shape of the APR in 2010, we can say with certainty that it will be markedly different from the APR of today. Elements of continuity will be important, but new policy problems and opportunities, security issues and challenges, and implications for enduring U.S. national interests will require some new approaches and early planning.

Economic change is the most evident, but not the only, factor at work. It drives political change, and new wealth provides Asian nations options that did not exist before. A more self-confident and assertive Asian identity, accompanied by a greater share of the world's economic power, will require adjustments by all members of the international community. As principal author of the post-war international system and the world's only remaining military superpower, the United States has a special responsibility for helping assure that change, emergence, and adjustment occur in a peaceful and orderly way. The Navy's role in this process will almost certainly increase as the new century approaches.

China

The biggest uncertainty in the future APR is China's role. International systems have a poor record of accommodating powerful new members. In this case, the new member is both the world's largest country and one that sees itself as regaining major power status, rather than as achieving it for the first time.

China's most likely future will be characterized by continued economic reform and—with an occasional stumble—high economic growth rates. It is likely to remain under unified, slowly democratizing central control. Continued authoritarian rule or political decay are less likely, but entirely possible, futures for China. It will be a powerful

factor throughout the region and on many global issues, as a market providing the main engine for growth of other Asian economies; as a competitor for vital resources (certainly energy and possibly food); and as a potential source of military technologies affecting worldwide proliferation concerns.

A democratizing China, with an emerging nationalism replacing Marxist ideology as a unifying force and widespread popular support for assertive policies, could be the most difficult China for the United States to deal with.

The postwar security system in Asia, based on a system of bilateral alliances, informal understandings, and assumptions and expectations about how major and regional powers will act, will change under pressure from China's rise. China is not a status quo power. This is not because China is malign or an inevitable adversary, but because it is large and a confident, vigorous civilization not yet in full control of its perceived national space or as influential in regional matters as its size would warrant.

China will modernize its military forces and obtain some capable military systems, such as the submarines and aircraft it is acquiring from Russia. It is likely to continue to emphasize domestic production over foreign purchases, however, and to put new systems into production only slowly. By 2010 China will have limited force-projection capabilities, but it will not shrink from using these if it believes its territorial or other vital interests are threatened. In particular, China is unlikely to acquire a blue water navy during this period.

The premise of *declared* Chinese policy is that an American presence in East Asia is neither required nor desired, and that the United States has infringed on the sovereignty of East Asian nations and continues to do so. Public pronouncements from official Chinese sources are likely to reflect those positions. Privately, Chinese interlocutors

seem pragmatic about U.S. presence in Asia; they acknowledge that there are historical reasons for such presence, and indicate that such presence continues to be a foundation for regional security, particularly averting pressures for Japan to play a larger military role.³

Under all foreseeable circumstances, China will raise and field the forces necessary to hold and protect what it defines as national territory, although it will not be able to raise and field a modern force, as the United States understands the term, for a long time.

Careful management of U.S. military relations with all countries in the APR will be required, to avoid making an adversary or enemy of China through inattention or momentum of ongoing programs. If the United States wishes to remain a factor in Asian security, it will also need to maintain sufficient forces and influence to hedge against the possibility of an expansionist, aggressive China (although the present study does not predict that such a China will emerge).

As noted above, China is a central factor in this analysis, affecting all national players and every subject area considered. Further analysis of China's rise and its effects appears as appropriate in each of the country and functional discussions below, most notably in the third section, under the specific China heading, and under the separate discussions there of the South China Sea and of China in Southeast Asia.⁴

Taiwan

Apart from North Korea, a scenario that involved Taiwan moving toward independence and Chinese military intervention would be

3. See Robert S. McNamara et al., *Sino American Military Relations: Mutual Responsibilities in the Post Cold War Era*, National Committee on U.S.-China Relations, China Policy Series, No. 9, November 1994, p 18.
4. More detailed treatment of China is in CNA Research Memorandum (CRM) 95-226, *China and Security in the Asia-Pacific Region through 2010*, by Alfred D. Wilhelm, forthcoming. For an analysis of the future Chinese navy, see CRM 95-214, *People's War at Sea: Chinese Naval Power in the Twenty-First Century*, by Christopher Yung, forthcoming.

the most dangerous potential source of conflict in the APR. The risk will probably decline over the next 10 to 15 years. Many long-term trends suggest movement away from confrontation: closer economic ties across the Taiwan Straits, Beijing's growing dependence on regional trade and shipping, and the military capabilities of Taiwan itself. Irrationality cannot be ruled out, however. The course of Hong Kong's reversion—that is, how well China manages that transition—will give Taiwan an important indicator of China's intentions.

There is no doubt that Beijing would react to a Taiwan declaration of independence, probably by declaring a blockade in the first instance. Ambiguity, as well as capable U.S. forces in the APR, serve to deter both parties: Taiwan from thinking it can rely on U.S. intervention, Beijing from considering the use of force.⁵

Japan

Japan will still be an economic giant by 2010, but several predictable trends, as well as some critical uncertainties, will alter its future in important ways. The security relationship with the United States will continue throughout the period to be one of the most important factors for stability in the whole APR. Japanese confidence in this relationship, or lack of it, will be the single most important determinant of Japan's future course in the region. Japanese confidence will determine whether Japan builds power-projection forces or contemplates nuclear capabilities. A military contingency in Taiwan, or one elsewhere that affected Japanese interests, would stress the security relationship with the United States and test its future durability.

Demographic and economic changes will cause Japan to move more of its economy to other parts of Asia. By 2010, up to 20 percent of Japanese production will take place in China and Southeast Asia. Much of this will be for export to the United States, lowering the U.S. trade deficit with Japan but increasing it with the rest of Asia. Japan, for the first time, will become a major creator of technology, potentially

5. For more detailed research findings relating to Taiwan see the Chinese section in CRM 95-226, by Alfred D. Wilhelm, cited above.

including militarily capable technology that could be exported. Japan's energy vulnerability will grow as it competes for sources with China and other Asian economies. Nuclear power capacity will rise, and—if current policies do not change—Japan will possess 80 to 90 tons of weapons-grade plutonium by 2010, a fact that will concern at least some states in the region.

Japanese politics are undergoing their greatest change since World War II. The resulting system is likely to produce two large parties; to create more decisive national political leadership than postwar Japan has enjoyed up to now; and to politicize defense and foreign policy issues that have been isolated from domestic political discussion. The effects of mass media and corporate influence on security policy in this new system are unpredictable, but public attitudes, now broadly favorable to the United States, could shift.

Japan will thus have a much greater capacity to become an important East Asian political-military player in the next century. It will have expanded economic interests elsewhere in Asia to protect, and will possess greater militarily relevant economic and technological capabilities than it does now. Japan will be more deeply integrated with the rest of Asia and less tied economically to the United States. Still constrained by an inward-looking, consensus-oriented political culture, by 2010 Japan is nonetheless likely to have a more assertive government facing fewer domestic cross-pressures.

Current stresses in the U.S.-Japan relationship will persist, including high U.S. trade deficits and competition within the Japanese defense budget between Self-Defense Force (SDF) requirements and support costs for U.S. forces. Pressures on support payments will increase, especially later in the period.

The most likely future may be a Japan still responsive to U.S. initiatives; Japan would initiate little itself, but would require increased consultation and U.S. efforts to win Japanese public support for the alliance. Other scenarios are possible: an assertive Japan outside the postwar mold, with an independent foreign policy, but still allied to the United States; or a Japan on "autopilot," unable to take decisive action or respond to crises; or an isolationist Japan withdrawn from responsible international involvement. The latter two scenarios

(which have a combined probability of about 20 percent) would pose dangers for stability throughout the APR.⁶

Korea

The study's key judgment about the Korean Peninsula over the next 15 years is that a military conflict is unlikely to occur and that there is a better-than-even chance that North Korea will disappear as a sovereign state, through either collapse and takeover by the South or some face-saving arrangement like confederation. An irrational decision by Pyongyang to launch hostilities cannot be ruled out and must be hedged against. But in the longer term, a unified Korea would significantly change the basis for U.S. deployments in the Pacific. Together with other trends, as we note below, this suggests that it would be prudent to start planning now for a stable U.S. force presence suitable for an Asia that does not anticipate an MRC on the Korean Peninsula.

The arguments for assuming unification by 2010 are worth repeating. North Korea today is not in a political or economic position to rationally initiate war against the South. The death of the elder Kim in July 1994 has further lessened the chance of war. It is doubtful that any individual or faction in the North Korean leadership has the authority or stature to bring together the internal coalition to support something as bold as military attack. The junior Kim himself does not have this status, and the government appears to be greatly divided and overwhelmed by internal problems.

These internal problems are insurmountable in the long term under the current form of government and create significant hurdles for short-term military adventurousness. The North lacks the food, ammunition, and fuel supplies needed for anything beyond an initial attack against the South. Economic difficulties preclude a smooth military operation: logistic nets, roads, and command-and-control systems to support the North's large forces do not exist.

6. Research findings relating to Japan are in CRM 95-208, *Japan 2010: Prospective Profiles*, by Kent D. Calder, forthcoming.

These deficiencies will grow over time. The ratio of GNPs between the two Koreas is today about 25 to 1. The North is technologically backward; its resources are badly managed and squandered on a bloated security and administrative apparatus. Finally, North Korea finds itself surrounded by capitalist nations driven by market forces, rather than ideology, and ascribing more status than ever to technology and wealth.

North Korea has been compelled to open up more in the last five years than in the previous 40, not from any strategic decision to do so, but because it has had no alternative. The Democratic People's Republic of Korea joined the United Nations only because the South was granted admission (the North Koreans felt that the South's being the lone Korean state in the UN was intolerable). It has been forced to permit international monitoring of its nuclear program. Finally, the inward flow of Chinese peddlers, select Japanese businessmen, shortwave radios, and the outward flow of North Korean representatives is at an all-time high. Under any conceivable future, North Korea's economic problems suggest that it will be incapable of self-reform, and unable to qualify for sustained levels of economic aid by World Bank and Asian Development Bank standards without such reform.

It is doubtful that North Korea can survive the openings that have already begun. As in East Germany, the Soviet Union, and even China, dictatorial rule becomes increasingly difficult in the face of the information flows that accompany economic opening. North Korea's form of hermit communism cannot lighten and long survive.

Militarily, the North has been deterred for over 40 years, and it is difficult to see this situation ending when the military balance is moving against Pyongyang. The North is so outgunned that an attack on the South would be suicidal. U.S. air power would destroy the North Korean armed forces. Irrational actions are obviously possible; war cannot be removed as a factor. Nevertheless, it now seems sufficiently unlikely that we leave it aside in our consideration of long-term Korean future.

Instead we posit a peninsula dominated by the South, either overtly through incorporation of the North, or *de facto*, as Seoul is so

transcendent in relative importance to Pyongyang that reunification is widely anticipated.

Enormous changes in South Korea's economy since the Korean war, and one of the fastest growth rates in history, have transformed the country and the society. But Korea will face new challenges as its industry competes more directly against Japanese, American, and European multinationals with global production bases. Korea may try to become a kind of Hong Kong for Northeast Asia—indispensable for growth in this subregion, and increasingly important to an economically diversifying China for particular niche industries.

Korea will develop modern military forces with more of a maritime and regional focus, particularly when the ground threat from the North recedes or disappears.

Korea's future course will be strongly influenced by historical patterns of relations in Northeast Asia, including antipathies with Japan and, to a lesser extent, fear of China. Fear of Japanese rearmament is strong: U.S. presence in the Pacific is seen as the only factor preventing this. China is seen less as a military threat. A Korea without an American anchor, feeling itself adrift in post-Cold War Asia, might be inclined to accommodate China for protection against a putative threat from Japan.

If not anchored to larger powers like the United States, a unified Korea with a growing, regionally oriented military establishment could itself be perceived by its neighbors as destabilizing and a security threat. The disposition of any North Korean nuclear weapons and weapon production facilities after reunification would affect such a perception.⁷

Russia

For the foreseeable future, Moscow's attention will be primarily focused westward on Europe and on Russia's "near abroad," the

7. More detailed research findings relating to Korea are in CRM 95-228, *Korea in the 21st Century*, by Paul Bracken, forthcoming.

regions between Russia's existing borders and the frontiers of the former USSR. Asia (apart from the former Soviet Republics) and the Pacific will be a distant third, after Europe and the United States, in Russian policy priorities. Russia is not likely to have the assets to play a significant role in Pacific affairs, which will center on economics.

Siberia and the Russian Far East are potentially wealthy and highly vulnerable to foreign encroachment. Russia is not likely to have the capital to exploit the resources of these areas, but would defend territory east of the Urals, militarily if need be, as vital to national reconstruction. There is virtually no likelihood of the region's separating itself from the Russian Federation.

China will remain central to Russia's Asian policies. Convergent Russian and Chinese interests, including stability in their common border areas, are likely to outweigh conflicting interests over the next 10 to 15 years. Although Moscow would like to improve relations with Japan, it is not likely to have a government strong enough in the near future to resolve the Northern Territories/Southern Kuriles issue, a *sine qua non* for better relations with Tokyo. The Russian government's weakness will prevent any territorial cession, lest it serve as a precedent for separatism by other elements of the Federation.

Relations with Korea are good, and would improve significantly if Russia's economy takes off. Moscow would like to preserve ties to India and Vietnam, old Soviet client states, and to important elites in those countries. Although members of such elites may reciprocate this interest for a time, Russia has little to offer India or Vietnam in their drive for economic growth.

A more assertive, possibly nuclear Japan would alarm Moscow and probably prompt measures to rebuild Russia's Pacific Fleet. Otherwise, it is highly unlikely that Russia will attempt to reconstitute the military force necessary to project power in the Asia-Pacific region. It is not likely for some time to have the budget, incentive, or public support for such efforts. Only the most extreme nationalist forces, who are not likely to gain power, would contemplate this course.⁸

8. More detailed research findings relating to Russia are in CRM 95-227, *Russia and Northeast Asia*, by Charles Ziegler, forthcoming.

Southeast Asia

ASEAN

A core of moderate Southeast Asian nations will continue to set the subregion's agenda through the Association of Southeast Asian Nations (ASEAN), which has achieved a remarkable record of success in advancing its members' collective interests and putting aside territorial and other disputes. By 2000, ASEAN will embrace all ten countries of Southeast Asia and will be a strong political entity with a growing interdependence among its members.

By opening their economies to market forces and welcoming direct foreign investment, the emerging economic "tigers" of Southeast Asia are industrializing rapidly and sustaining the highest growth rates of any region in the world. Laggards in the race to industrialize, Vietnam and the Philippines have taken the basic decisions to put themselves on the same course. As ASEAN economies mature, they are likely to compete successfully for international investment well into the next century. Their role as production bases and export platforms for Japanese multinationals will grow, increasing their trade surpluses (and possibly generating trade frictions) with the United States.

Remaining problems in and among ASEAN members include territorial and resource issues and mutual suspicions about the weaponry their growing wealth enables them to acquire. There is, however, ample precedent indicating that they will successfully resolve or shelve problems among themselves.

ASEAN is likely to continue to expand its security role. This expansion began in 1993-94 with direct meetings between ASEAN defense officials and establishment of the ASEAN Regional Forum (ARF) to convene annually the major external powers with a role in Southeast Asian security. It will not, however, become a defense alliance. Views about multilateral cooperation vary among ASEAN members, suggesting that progress on cooperative structures will be slow.

Cold War era initiatives like ASEAN's Zone of Peace, Freedom, and Neutrality (ZOPFAN), inspired by the organization's more non-aligned members during the Cold War, are likely to recede further in

the background as China's looming presence inspires regional governments to bring major external powers into the region for balance, rather than attempting to exclude them.

Southeast Asian countries are reorienting their defense capabilities toward maritime interests, and are acquiring some current-generation naval and air force systems. Many of the weapon platforms and systems are quite modern; but what is happening is not so much a reactive arms race, as some have suggested, as it is reflective of growing prosperity, and of a sense that future problems will tend to be in maritime areas.

China in Southeast Asia

China's behavior is seen as the most important determinant of the region's future security. On one hand, China represents great economic opportunities for Southeast Asia, many of whose economies are increasingly involved in China's boom. On the other hand, China's growing strength and assertiveness threaten ASEAN interests because of its size and proximity, and what some see as a history of treating Southeast Asia as its "backyard."

Indonesia, large, well endowed with resources, and a potential regional leader itself, has historically been suspicious of China. Malaysia took the same view until recently. Thailand and Singapore have been more inclined to accommodate China. Vietnamese membership in ASEAN adds weight on the side of resisting China, and Hanoi sees value in ASEAN membership partly because it will make it harder for Beijing to pressure Vietnam.

A future in which ASEAN and China are mutually hostile may not be the most likely one, but cannot be ruled out. As both sides concentrate on economic growth, the need for stability and investor confidence will militate heavily against confrontation. All the ASEANs, Vietnam included, recognize this. The initiative, however, will lie in Beijing, not in the capitals of Southeast Asia.

Political evolution

Increasing prosperity and an expanding middle class are changing the politics of Southeast Asia. Governments will be more self-confident, more pragmatic, and more driven by economic imperatives. Business entrepreneurs and able technocrats will have more influence on decisions. Civilian government and orderly transition, while not the rule everywhere, represent the trend.

Succession in Indonesia after Suharto is a major question. It will probably be unplanned and accompanied by uncertainty, but forces that have been at work for years—priority on growth, ASEAN as the foreign policy and security anchor, and the conservative military establishment as the arbiter—will influence succession politics toward continuity and stability. The East Timor issue will not be resolved soon, and will strain U.S.–Indonesian relations for some time to come.

Succession elsewhere will result from political processes that will vary in quality to Western eyes but that will tend to bring to power leaders with a stake in growth and stability and with increasing capabilities for achieving these goals. Military intervention in politics will appear increasingly anachronistic in Thailand and elsewhere. Complexities of running modern economies will eventually open up even closed systems as in Burma. Popular protest and pressure for reforms are likely to center on issues like environmental degradation and urban system failure.

There is little likelihood that Islamic fundamentalism will challenge U.S. interests in Southeast Asia. The Islamic tradition in this area is historically moderate, states and societies allow considerable access to economic opportunity, and almost nowhere can be found the poverty and hopelessness that breeds revolutionary Islamic radicalism in the Middle East and North Africa. Where Islam is a minority and has been oppressed, however, as in the southern Philippines, disaffection and a serious terrorist threat will probably be chronic problems through 2010.

Vietnam

Vietnam's entry into ASEAN in July 1995 and normalization of relations with the United States culminate years of effort by Hanoi to become part of the regional system and global community. Its fundamental change of course in 1986 toward a market economy and export-led growth shows much promise. It is attracting significant foreign direct investment, posting substantial growth rates and expanding trade links with its Asian neighbors, including China—links that could encourage peaceful relations.

Vietnam starts from a very low base, however, and has not fully opened up its system. Its growth will be hampered by structural problems and poor infrastructure. Vietnam's leaders have rejected political pluralism in favor of continued communist party control, jettisoning Marxist ideology but putting nothing in its place. It seems unlikely that political apathy will let party rule go unchallenged forever, particularly if numbers of young Vietnamese study in the West. North-South and rural-urban income disparities and mistrust are another potential source of discord.

Vietnam's military has been heavily downsized and its modernization will probably be delayed. Military leaders emphasize reliance on "people's war line" and refurbishment of old Soviet equipment as a substitute for acquisition of expensive new systems, including naval equipment, while national resources go to development. (Patrol boats from Russia are one exception.)

Pressures for acquiring more capable military systems cannot be ruled out, however. Vietnam's military establishment is relatively isolated, but it will have more access to external views and information, and will become more aware of the lessons of modern warfare learned during and after Desert Storm. Military moves by China in the South China Sea could reinforce sentiment for a shift from people's war to high-tech systems and modern military doctrine.

Disputes in the South China Sea

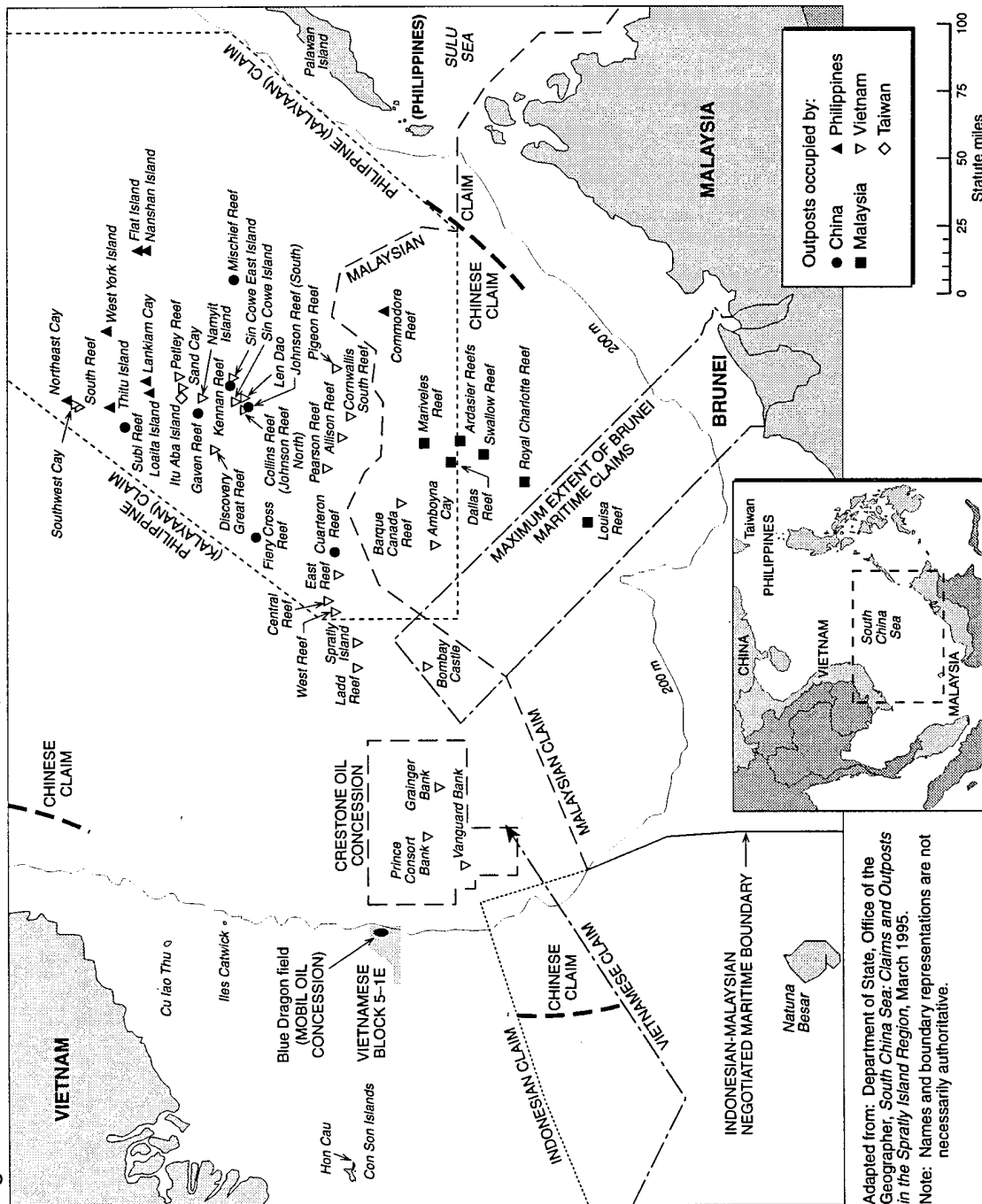
Overlapping territorial claims in the South China Sea are the most serious potential source of conflict in Southeast Asia, and a litmus test of China's future intentions toward the region.

China (like Taiwan) claims sovereignty over virtually all the islands. Disputes now center on the Spratly group. Vietnam claims all the Spratlys as well; the Philippines claims most of them; Malaysia claims several southern islands and reefs lying on its declared continental shelf; and Brunei may have a potential claim on the same basis as Malaysia. (See figure 1.)

China expresses its Spratly claims in the same terms as its claims on Hong Kong and Taiwan, i.e., restoration of inalienable Chinese territory. For China and other claimants, however, access to oil, gas, and other sea and seabed resources is a primary motivation. Major oil and gas reserves probably do not lie under the Spratlys, but rather in continental shelf areas around the rim of the South China Sea. Uncontested sovereignty over some or all of the Spratlys could, in the view of some international lawyers, give China a claim to some of the continental shelf/EEZ areas claimed by the Southeast Asian countries, including even Indonesia. This effort to extend China's maritime interests and rights into waters that are distant from its mainland and regarded by the Southeast Asian nations as their own is the core of the dispute.

China may decide that its interests in Asian-Pacific stability, economic growth, and cooperative relations with trading partners and sources of investment in Southeast Asia dictate compromise. A willingness by Beijing to shelve sovereignty claims and negotiate a multilateral joint-development arrangement would defuse the issue and enable governments and international oil companies to proceed rapidly with exploration and production agreements. Alternatively, succession politics, competition with Taiwan, and rising nationalism in China may prevail over counsels of flexibility in Beijing. This would lead to increased chances for military confrontation in the islands and political confrontation with ASEAN.

Figure 1. South China Sea: Claims and outposts in the Spratly Island region



The latter outcome would impose very difficult choices for the United States. Southeast Asian governments, including a treaty ally—the Philippines—view the U.S. approach to the Spratly dispute as an indicator of U.S. willingness to support their concrete security interests. A hands-off stance by the United States would suggest a *de facto* tilt toward China. If the United States stood by while China consolidated a military position in the Spratlys, our relations with all the ASEANs would suffer, and Japan and Korea would see it as a weakening of the U.S. security commitment to them. If we intervened, however, we would risk direct military confrontation on an issue where our interests were only indirectly involved.

Straits and SLOCs in Southeast Asia

Regional trade and resource projections for the APR study indicate that with annual increases of 10 to 15 percent in foreign trade in the APR, shipping volumes through the Straits of Malacca and Singapore and other Asian sea lanes will probably quadruple over the next 15 years. Southeast Asia could well become the world's most important trade route. Chinese energy and possibly food imports will constitute a large portion of the increase, giving China a stake in SLOCs; however, all countries, including Australia, will be involved.⁹

Military threats to SLOC security are unlikely to emerge. The straits are narrow and could be easily, if briefly, blocked by a determined party.¹⁰ With dependency on trade spreading rapidly, however, it is difficult to see what would cause any nation to do so. Any hostilities in the Spratlys as other disputed areas of the South China Sea would be some distance from shipping lanes.

9. For a detailed analysis of commercial traffic through this region, see CRM 96-7, *Maritime Economic Interests and the Sea Lines of Communication through the South China Sea: The Value of Trade in Southeast Asia*, by John H. Noer with David Gregory, forthcoming.

10. More detailed discussion can be found in CNA Occasional Paper 20, *Possible Threats to Shipping in Key Southeast Asian Sea Lanes*, by Henry J. Kenny, forthcoming.

Non-military threats, starting with congestion, are a more serious problem. The port of Singapore is already strained, and the volume of shipping through the narrow portions of the straits increases the prospect of accidents. There have already been collisions. A catastrophic oil spill or other disaster could trigger demands by Malaysia and Indonesia to regulate passage through the straits in a number of ways. Such demands would run counter to the LOS, but littoral states might argue that the LOS never envisioned levels of traffic as high as those in prospect. Piracy, spillage, and fishing violations are also threats to shipping through Southeast Asia.

Australia

Australia's view of its own role in Asia has shifted, especially during the past decade, away from its self-perception as a European outpost in Asia toward identification of its interests, especially security interests, with Asia. Australia views the "air-sea gap" to the north, and its Southeast Asian neighbors beyond that gap, as the route through which any threat would come. If Australia sees any long-term threat, it is China.

The 1994 Australian Defense White Paper identified Indonesia as Canberra's most important defense relationship in the region. Over the past few years, Australian cooperation and involvement with the Indonesian military, especially the navy, has grown by leaps and bounds. This extends from top staff levels down to informal communication channels between regional commands. Defense officials on both sides are pleased with the results, and are committed to continuing the process.¹¹ Canberra, like many Western capitals, is uneasy with Indonesia's human rights record, especially in Timor, but separates security relations from human rights questions in discussions with Indonesian authorities. The emphasis on Indonesia has not devalued Australia's other ties, with Malaysia and Singapore through the Five Power Defense Arrangements¹² and less formally with all the

11. Australia and Indonesia signed a bilateral security agreement December 18, 1995, consolidating these trends and formalizing their defense cooperation.

12. Britain and New Zealand are the other members.

other ASEAN countries. Australia is virtually certain to continue to deepen its regional defense relationships over the next 10 to 15 years.

U.S.-Australian security relations are close, with widespread public support. Closer integration of Australia's defense with Southeast Asia has not diminished its staunch support for continued U.S. military presence in Asia, which it views as critical for success of its strategy.

As a corollary, Australia may diverge from the United States on some Asian issues in the future. It will be more sensitive than Washington to Asian views and demands. It will want to play its own role in the region, and not be seen as a junior partner to the United States. Canberra will be reluctant, for instance, to follow U.S. pressure to multilateralize security cooperation. Australia will, however, be a durable ally whose fundamental interests in Asia converge with those of the United States.¹³

South Asia and the Indian Ocean area

Another war between India and Pakistan is possible, although chances are less than in the past, and there is even less chance that such a war would involve nuclear weapons. India will be the strongest power in its region through 2010. It will regard China as its principal long-term rival. (China does not reciprocate this concern, although it watches India's nuclear development carefully.)

India is not likely to be an expansionist military power or to have the resources for, or interest in, threatening other naval powers in the Indian Ocean. The Indian navy in the next decade will be smaller and less capable than many in that navy had earlier hoped. There is minimal chance that security cooperation between states in the Indian Ocean area will develop by 2010. There is only a slight prospect that nuclear programs in South Asia can be rolled back. Proliferation issues will probably continue to bedevil U.S. relations with the subcontinent throughout the period.

13. More detailed research findings relating to Southeast Asia/Australia and subordinate topics listed above are in CRM 95-212, *The Security Environment in SEA and Australia*, by M. Lyall Breckon, forthcoming.

Some Indians foresee Indian–Chinese rivalry for influence in South-east Asia, but there is little enthusiasm in that region for involving India in emerging organizations like APEC or the ARF. Sustained Indian economic growth over the next decade could change this estimate.

Indian economic power will increase, provided growth rates are high enough to meet the minimum expectations of an expanding population and prevent unrest. Observers within India have set that rate as about 6 or 7 percent per annum, overall.

Indian relations with the United States will likely improve, and despite areas of divergence there are good prospects for some expansion of security cooperation. India will likely be willing to provide repair facilities for U.S. Navy vessels on a commercial basis and, later in the period, could expand such cooperation to include allowing the U.S. to pre-position equipment and providing overflight rights—if the United States was acting under a UN umbrella or in concert with UN members. Such cooperation would also depend on how it affected India's relations in the Persian Gulf.

The likelihood of any obstacles to U.S. use of facilities on Diego Garcia in the future is low.¹⁴

Transnational trends and U.S. interests in the Asia-Pacific Region

Economic issues

East Asia will continue to be the fastest-growing area of the world. By 2010 it will account for at least one-third of global production. Excluding the mature economy of Japan, APR economies will probably average over 7 percent growth through the entire period. Trade

14. Research findings relating to South Asia and the Indian Ocean appear in CRM 95-186, *South Asia and the Indian Ocean*, by Paul Kreisberg, forthcoming.

will increase even faster, averaging more than 10 percent annually. There will be steady expansion of economic integration in the region, such that for most Asian national economies, trade with other Asians will account for between half and two-thirds of their foreign trade by 2010. The so-called "third tier" countries will graduate to "newly industrialized status" before then—Malaysia and Thailand before 2000, and the Philippines and Indonesia not far behind. ASEAN will emerge both as a major export platform for foreign investors and as an important regional market for consumer goods and infrastructure projects.

Japan will move more of its economy offshore, primarily to China and Southeast Asia. Offshore Japanese investments will account for as much as 20 percent of Japan's GNP by 2010. By then Japan will be even more dependent than today on regional stability.

A number of factors will moderate and slow Asian economic growth from about 2000 to 2010 and beyond, including rapidly aging populations in Japan and Hong Kong; important infrastructure shortfalls; intensified competition for foreign capital investment; and shortages of managerial and skilled labor, especially in the most advanced economies.

Economic interdependence will grow throughout the APR. As trade and investment between APR countries grows, economic relations with the United States and with Europe will become proportionately less important, a trend that will be noticeable by 2010. Relative U.S. economic influence will decrease. Trade deficits with the region as a whole will expand. Asian accumulations of foreign exchange reserves will steadily increase the share of U.S. treasury and other U.S. securities held by Asian sources. U.S. financial markets will be more closely linked with Asia, and the United States will be more dependent on, and vulnerable to, Asian policies and reactions.

Several Asian currencies will continue to appreciate against the dollar, which could fall by another 20 to 25 percent against the Japanese yen and 10 to 15 percent against the Korean won.¹⁵

Weaponry, technology, proliferation

Advancing economies in the APR are bringing capabilities for acquiring and producing new military capabilities. Armament modernization in the region is likely to remain commensurate with economic growth rather than becoming an arms competition, and to emphasize sea and air components at the expense of land forces. This judgment assumes continued good relations between the United States and Japan, forward presence of U.S. forces, and a China largely bent on economic development. Modernization even at a measured pace means an interesting international arms market, more warships at sea, more exercise partners, and more resources for local maritime enforcement.

Japanese forces may be more capable of combined operations in support of UN efforts. Possible Japanese force modernization, changes in operational range, acquisition of rudimentary force-projection capabilities (aerial refueling, transport aircraft, helicopter carriers), and potential missile targeting capabilities (overhead reconnaissance) or missile defenses are regarded by Japan's neighbors with suspicion. Perhaps most important, growing Japanese capabilities fuel regional anxieties about ultimate nuclear intentions. Thus the appearance and fact of continued Japanese integration with U.S. forces and continued evidence of the dependence of Japan's forces on American presence and support is an important factor in the confidence of Japan's Asian neighbors in their own security.

China's forces are shrinking in manpower even as the country tries to acquire more modern technology. But even with foreign assistance,

15. More detailed research findings relating to the economics of the Asia-Pacific Region, appear in CRM 95-229, *Asian Economic Prospects and Challenges, 1995-2010*, by Erland Heginbotham, forthcoming. Issues relating to individual national economies or subregional economic phenomena are discussed in the regional research memoranda referenced in this report.

China's ability to design and produce cutting-edge weaponry has been marginal to date. The Chinese navy is a coastal force with regional ambitions over the next 15 years and wider aims—which may or may not be achieved—for a blue water fleet by mid-21st century. The Chinese strategic arsenal is projected to grow in 10 years, but clearly there is a wide band of uncertainty about its programs. China historically has emphasized countervalue retaliatory targeting in its nuclear strategy; with its relatively few weapons and steep learning curve in delivery systems, it had little choice. Recent assessments of Chinese nuclear modernization programs conclude that China still emphasizes quality (and survivability) over quantity in its strategic forces. If China fields a new generation of land-mobile intercontinental missiles and possibly a long-range SLBM, and is able to reach American soil more reliably, Washington will begin to face in Asia some of the extended deterrence tradeoffs that it grappled with in NATO for more than three decades.¹⁶

The Russian arsenal will shrink under the two Strategic Arms Limitation Treaties with the United States (START I and II). The Russian Federation currently deploys 16 strategic nuclear ballistic missile submarines (SSBNs) with the Pacific Fleet; these will likely reduce to zero as START is implemented, classes other than Delta IV and Typhoon are retired, and the strategic submarines are consolidated with the Northern Fleet.¹⁷

Total numbers of blue water hulls in the region from Russia to India declined through 1994 but will gradually rebuild to 1991 levels by the

16. At present there is no plausible prospect of prompt retaliation in kind to a massive strike by U.S. strategic forces. Once Chinese strategic forces are reliably able to reach U.S. territory, massive retaliation by U.S. strategic forces may be somewhat less credible to allies covered by the U.S. nuclear umbrella, such as Korea and Japan. The idea of placing U.S. territory at risk raises questions about the effectiveness of such extended deterrence, by postulating tradeoffs analogous to those considered during the cold war in Europe, e.g., New York for Frankfurt, and the doubts about U.S. nuclear resolve that accompanies them.

17. Russian failure to ratify START II would not affect those conclusions significantly, because they reflect Russian economic conditions more than policy determinations.

end of the decade and climb modestly thereafter. Thailand is buying a carrier, and others, such as China or South Korea, threaten to acquire one or more. Justification for carrier acquisition will have as much to do with prestige as with any perceived security requirement.

Nuclear-powered submarines will decline in number as the Russian inventory is retired, and both Chinese and Indian building programs remain slow.¹⁸ Numbers of non-nuclear-powered submarines will rise through 1999, as several states buy or build Russian Kilos, German Type 209s, or Dutch or Swedish boats; they will decline after 2000 as old Chinese and North Korean Ming- and Romeo-class boats are scrapped. Submarine holdings in the region will be substantially more modern, on average, by the end of the period, and it is likely that, a decade hence, air-independent-propulsion (AIP) designs may appear, offering substantially extended underwater performance.

No state in the region, even China, has serious power-projection capabilities, in the sense of being able to move large units with heavy equipment over water, and having done so, sustaining and reinforcing them, nor are any likely to develop such forces in the next 15 years. Power-projection capabilities to be created are modest by U.S. or even regional standards. Modern aircraft should make Southeast Asia a more difficult environment for military intruders, however.

The extent of future nuclear proliferation in the region will depend more on politics than the spread of technology per se. India, Japan, and perhaps Taiwan and South Korea could probably build fission weapons components in relatively short order if regional threats to national survival were to escalate.

Several countries have ballistic missiles or could acquire them, but for non-nuclear scenarios the threat to surface forces from proliferating cruise missile capabilities seems more relevant: they are cheaper; they will be increasingly smarter and harder to counteract; and they can be launched from a variety of sea- and air-based platforms, and thus have

18. Indeed, the Indian program may be stuck in the planning stage for a considerable period, because of other defense priorities.

an extended range. The number of plausible nuclear scenarios should decline once the Korean MRC has gone away.

Security arrangements

Korea aside, multilateral or region-wide security structures embodying common purposes, within which the fleet and other U.S. forces could operate, are not likely to emerge in the Asia-Pacific Region in the study's time frame. Military contingencies, if they occur, are more likely to involve ad hoc coalitions than the formal structures, arms limitations, and force-related and deployment-constraining confidence-building measures more characteristic of Europe.

Food

Per capita grain production is still increasing in most of the APR countries, as is per capita availability of calories and protein. Most have enough slack in food production systems to further increase yields; even China and India have enough, in the medium term. Up to 2010, staple food requirements in the APR are likely to be met by increased production and manageable levels of imports. Even if China's needs increase beyond current projections, land-rich countries outside the region could meet requirements by shifting idle land back into production.

Resources and environment

By 2010, the prospect that 80 to 90 percent of all Asian oil and gas requirements will have to be imported, largely from the Middle East—with China's energy imports rising up to five times or more above current levels—raises the possibility of major policy differences with the United States over Middle East issues in the next 15 years. Japan, China, and perhaps other APR countries may court Middle East/Gulf oil exporters with offers of purchases, aid and investment, or political support in international forums and (in China's case) arms sales that could run counter to U.S. objectives, a potentially significant class of challenges to future U.S. relations with East Asia.

Environmental degradation with growing cross-border effects is likely to be another increasing source of conflict, primarily between APR states but possibly with the United States as well. China and India will remain dependent on coal for power requirements, assuring that this

source of air pollution will spread. Vast areas of China already suffer many times the maximum U.S. levels for airborne particulates. Four Asian countries together account for 20 percent of global CO² emissions.¹⁹ Forest destruction and overuse of water are making water scarce, producing more potential for conflict. Water sources are already scarce or stressed in Singapore, South Korea, north China, northwest India, and parts of Thailand, Malaysia, and Indonesia.

Demographics and health

A few small countries in the APR still have high population growth rates, but the region as a whole has succeeded in lowering fertility rates to 1 or 2 percent a year. The aging of much of Japan's population in coming decades will strain that country's social budget and contribute to the need to move more economic activity offshore. China is entering a "golden age" in which an unusually high proportion of the population is in the most productive working years; but, it is projected to have 150–250 million surplus workers despite rapid economic growth. Large population movements of what are sometimes referred to as "economic refugees" from countryside to city, and occasionally across national borders, could have destabilizing political effects.

The HIV/AIDs pandemic is spreading faster in Asia than elsewhere. Thailand has a major epidemic among the heterosexual population. Projections suggest that deaths from AIDS could affect growth rates of the Thai economy in the next decade. India and Burma are also hard hit, and other countries may experience similar pandemics.²⁰

19. Already in 1990, China accounted for 10.8, Japan for 4.9, India for 2.9, and Korea for 1.1%. Of those China, India, and Korea continue to grow rapidly. See Heginbotham, *op cit.*

20. More detailed research findings relating to food, resources, and health are in CRM 95-230, *Human Dimensions of Security*, by Judith Bannister and Peter Johnson, forthcoming.

Force presence: Significance and limitations

The examination of trends in the APR would not be complete without discussion of broader issues of fleet purposes and objectives, and how they might change between now and 2010. The short answer is that the fleet's central peacetime missions in this region, deterrence and reassurance, are not likely to change much.

U.S. military presence in Asia no longer provides the same degree of collateral political influence that it did during the Cold War. U.S. military presence will not, by itself, serve as an adequate response to Asia's changing security requirements. Long-term prospects for regional peace depend more on relationships that Asians develop among themselves. U.S. military presence—and specifically that of the fleet—is, however, necessary to establish conditions in which regional peace can develop and be consolidated.

The ability to pursue U.S. goals depends in some measure on the cooperation of other countries, notably Japan and Korea but also ASEAN members and Australia. Prospects for security cooperation will be limited by differences between them, but also by differences in the way that countries of the region and the United States perceive threats:

- Threat perceptions vary with distance and interest. The United States thinks globally; Korea, Japan, and the ASEAN states think regionally. Koreans fear that even if the United States welcomes unification, Japan and China do not, out of concern with what a unified Korea might become. Asian governments would see the possibility of fragmentation of China or Russia as a decline of power for these states, whereas the United States might focus on dangers such as loosened control of nuclear weapons.
- Military threats are relative. Chinese naval and air forces that look puny to the United States loom large to China's neighbors.

British historian Michael Howard identified three functions for military power: deterrence, coercion, and reassurance. The latter determines the environment in which international relations are conducted. In Howard's words, "Reassurance provides a general sense of security that is not specific to any particular threat or scenario."²¹ U.S. forces in general, and the Seventh Fleet in particular, play this role in today's Asia.

Deterrence

If coercion's functions are obvious, deterrence is a more amorphous concept. Strategic deterrence, whether conventional or nuclear, is the least precise mission for U.S. forces, or for a fleet. Strategic deterrence refers to deterrence of attack on U.S. territory, forces, bases, or allies.²² Most writing on deterrence consists of theory about anticipated perception—namely, about what one might think others would perceive, and about how the presumably deterred party might then act in response to some event, deployment, or weapon acquisition of one's own.

Even the target of deterrence is often vague. It usually consists of some combination of authority and bureaucratic political players, defense planners, and elites. A central feature of deterrence is that the allegedly deterred are seldom heard from (at least in real time) about what it was that succeeded in forestalling an intended move. States usually assume that because acts they wished to deter have not taken place, their own deterrent effort (weapon acquisition, deployment) is responsible for the adversary's decision not to act. The deterrent role of U.S. forces such as the fleet is therefore difficult to evaluate, although certainly present.

In some strategic situations and potential conflicts in the region, the presence of U.S. forces is largely, if not entirely, irrelevant for

21. Quoted in George Will, "Always a War," *The Washington Post*, July 16, 1995, C7.

22. See CRM 94-193, *To Deter, Compel, and Reassure in International Crises: The Role of U.S. Naval Forces*, by Adam B. Siegel, February 1995.

purposes of deterrence. It is not clear that additions to U.S. forces in the Indian Ocean would accomplish much if India and Pakistan were determined to fight again, or in the event of strategic nuclear competition between India and China.

There is, however, a relationship between U.S. forces present in Northeast Asia and North Korea's readiness to use force, Chinese-Japanese military competition, and the likelihood of a resort to force by China in the future to achieve its territorial goals. In the future, if there is doubt among unified Korea's neighbors about whether some residual capacity to assemble and deliver nuclear weapons remains, or whether such capabilities exist in Japan, the presence of U.S. forces could be a factor as they decide how to deal with such concerns.

Reassurance

Beyond deterrence, the continued presence of Seventh Fleet and U.S. Army and Air Force components that link the United States to the defense of Japan and Korea perform the reassurance mission described by Howard. They continue to provide a long-familiar sense of safety to Japan and Korea, by being there in stable and reasonably predictable numbers, clearly adequate for currently identifiable defensive purposes. In addition, by their obvious integration with the defense establishment of both countries, U.S. forces forestall (or at least inhibit) regional provocative defense planning by both, and, by extension, reactive defense planning by either or by China. In this sense U.S. forces are the key stabilizing factor in the region. That stability depends on their location forward, their permanence in adequate and visible form throughout the region, and their connection to the defense programs of Japan and Korea.

It should be noted, however, that the reassurance role of fleet presence depends to some extent on the degree to which it is seen as representing U.S. support for particular national goals of regional states. Two potential conflicts illustrate this point. First, the fleet's presence complicates China's planning with respect to Taiwan (and Taiwan's with respect to China), demonstrably favoring goals of nearly all other states in the region. Second, less positively, in the South China Sea there is some feeling that the fleet's presence in Southeast Asia is

less relevant to potential conflict that could be initiated by China. Neutrality by the United States in the case of a future seizure by China of more disputed rocks and reefs could over time convince ASEAN governments that fleet presence served U.S. purposes but had little to do with their own interests. To that extent, the fleet's reassurance role would diminish.

Conclusions and recommendations:²³

Implications for U.S. security posture and for the Navy in the APR

The study assumes that fundamental U.S. national interests will remain steady through 2010:

- A peaceful, stable system of regional relations—no domination of the APR by a hostile power, and managed resolution of conflicts
- Growth and development of the region's economies on free market lines, and full U.S. access for trade and investment
- Continued U.S. ability to work cooperatively with APR states to influence the region's affairs and gain their support in securing extra-regional objectives
- Unimpeded access and transit for military forces (including for Southwest Asia contingencies)
- Prevention or restraint of proliferation of weapons of mass destruction and delivery systems
- Expansion of democratic government
- Responsible practices in transnational areas of concern.

In light of this set of interests and the likely trends identified in the previous section, what are the broad security implications for the United States and for the Navy?

23. Recommendations for the Navy are in italics.

Challenges characteristic of Asia and the Pacific

Maintaining the U.S.-Japan relationship, including its security dimension, in an era of rapid change will be critical for stability and confidence throughout the APR to 2010 and beyond. A rupture in this relationship would cause every Asian capital to recalculate its policies, polarize the region, and generate an Asian arms race, negatively affecting virtually all of the aforementioned interests.

The tangible presence of the Seventh Fleet in Asia will become even more important in the next 10 to 15 years in sustaining the regional security system that has evolved since World War II, and thus in maintaining regional peace and stability. Distance is the critical element that distinguishes the Asia-Pacific Region from other theaters. Regionally based fleet units will not be replaceable by surge capability, transitory presence, or assignment or earmarking of forces based outside the region—although these may be useful supplements. Linkage of these forces to deterrence and defense in Northeast Asia provides a continuing sense of safety and stability to Japan and Korea, and forestalls defense planning by them that would be seen as provocative.

While it may seem obvious at this point, it is probably worth repeating that the Navy should base its force planning on the continuing need for forward deployment of the fleet in the western Pacific through the next 15 years and beyond.

The likely disappearance of the Korean MRC during this period, and the consequent adjustment of U.S. force levels, will be watched closely by all APR countries, not just those in Northeast Asia. A firm, credible rationale for fleet presence, as well as some ground and air units based in the APR, will be needed well before force levels are drawn down. A reiteration that U.S. force levels will remain stable at 100,000 indefinitely²⁴ gives a precise-looking equivalence with

24. This commitment to 100,000 most recently appeared in *United States Security Strategy for the East Asia-Pacific Region*, February 1995. Copies of this Report are available from: Director, Asia and Pacific Affairs, USDP/ISA/AP, The Pentagon, Washington, D.C. 20301-2400.

current U.S. personnel levels in Europe, but will be less credible as the Korean MRC recedes. In addition, such precision invites continuing attention to the 100,000 figure, and suggests that any reductions below that line imply a reduced commitment. *The Navy should initiate long-range planning now for post-Korean MRC base force levels and fleet composition in the Pacific. Discussion with allied and friendly governments should be part of the process.*

As noted above, Korea aside, multilateral or region-wide security structures embodying common purposes, within which the fleet and other U.S. forces could operate, are not likely to emerge in the Asia-Pacific Region in the study's time frame. Thus military contingencies, if they occur, are more likely to involve ad hoc coalitions.

The Navy should therefore base planning and exercises on the possibility of such informal, and probably short-notice, arrangements, rather than on the prospect of there being any more formal structures by 2010.

Northeast Asia

Japan

As noted earlier, pressures on support payments will increase, especially later in the period. These stresses will coincide with changes in the Japanese political system that will expose defense issues, and the U.S. role, to more public and parliamentary debate. They will probably also coincide with evolution of a somewhat more assertive Japanese role in regional and world affairs.

Genuine consultation with the Japanese government on regional security issues, and a better understanding of Japan's evolving regional security concerns, will be necessary. The United States will need a strategic framework that involves Japan in planning force changes.

Fleet basing in Japan will become even more important to the health of the U.S.-Japan security relationship as the rationale for ground presence in Korea diminishes and the Navy becomes a proportionately larger element of U.S. forces in the Pacific. At the same time, Japanese political reforms, the consequent politicization of security

issues, and economic pressures will make it more essential in the future to explain and generate support for basing of U.S. forces and Japanese payment of support costs.

As the prospect of drawdowns in ground forces becomes more apparent, the Navy should initiate procedures to keep the Japanese security elite engaged in regional security planning. This will make it easier to justify U.S. force changes on commonly accepted strategic grounds, while concurrently justifying our needs for Japanese real estate and support costs.²⁵

The United States will need to make greater efforts to explain—together with the Government of Japan—security policies directly to the Japanese polity, and generate support for stationing U.S. forces. For the Navy, besides continuing ship visits to smaller Japanese ports, this could involve community outreach efforts such as joint planning and activity with Japanese Maritime Self-Defense Force (MSDF) units to handle natural disasters and accidents. The Navy will also need to make greater efforts to remove irritants (e.g., III MEF live-fire exercises) arising from forces based in Japan.

Changes in Japan's defense posture are inevitable in the next 10 to 15 years, even in the absence of fundamental policy shifts. Tokyo will further re-examine its defense program guidelines in light of post-Cold War changes in Asia. This re-examination is likely to occur as some changes in SDF missions already under way are completed, such as Aegis patrolling in the Sea of Japan. AWACS acquisition will be read as implying greater capability to project force offshore. There is a strong possibility that constraints on Japanese participation in operations other than war (OOTW), including peacekeeping, will be modified further. There may be increases in Japan's capabilities for using SDF forces overseas, e.g., heavy airlift.

Perceptions of these changes in some Asian countries are likely to be mixed and partly negative. Some will profess to see evidence of a

25. We could, for example, point out how lower personnel numbers are often compensated for by greater capabilities reflecting advances in technology. We could also remind Japanese interlocutors of how Japan's payment of U.S. support costs underwrites the safe passage of maritime traffic on which Japan's economy depends.

resurgent Japanese military role. Friction with China may increase if these changes coincide, as is possible, with emergence of a strong conservative party in power, backed by a business community sympathetic to Taiwan and with Southeast Asian interests.

U.S. preferences and influence will not determine Japan's decisions on defense issues but will play an important role. *The Navy will need to develop policy on how it wants the fleet's relationship to Japanese Maritime Self-Defense Forces to evolve, and how missions and tasks should be shared.* The Cold War provided an easily understood framework for sharing responsibilities and dampened some regional reactions. In the new environment, the United States will not want to push Japan toward regional roles that would generate a backlash or competitive counter-moves.

Japan's missile defense program, an effort begun during the Cold War, was momentarily stimulated by the prospect of Korean Nodong threats, but will be less obviously justifiable in common strategic terms as the North Korean strategic threat declines. Japan's incentives to continue could include inertia, technology acquisition, MSDF budgetary interests vis à vis other Japanese services, the development of a hedge against anticipated NBC-armed missile capabilities of a united Korea, and deterrence/defense against a perceived long-term potential China threat.

China and the ROK have reacted negatively to the prospective deployment of Japanese missile defenses on Kongo-class destroyers in the Sea of Japan. The ROK saw this change in deployment patterns for a vessel with anticipated ballistic missile defense (BMD) capabilities as foreshadowing future aggressive operations. China's reaction focused on the BMD aspects themselves, arguing that such deployments weaken China's strategic deterrent, essentially the arguments adduced by the British and French with respect to prospective Soviet missile defenses.²⁶ China's arguments seem less plausible because Japan has no nuclear weapons. A technically capable unified Korea

26. Newcomb, Amelia A., "China Vexed by U.S. Push for a 'Shield' Against Nukes," in the *Christian Science Monitor*, May 15, 1995.

could raise the same questions if it deployed BMD. *As the North Korean threat dissipates, the Navy should review the extent to which advocacy of BMD development in Northeast Asia could generate new instabilities.*

Nevertheless, for Japan, the possibility of a united Korea with a nuclear weapon program is a matter of concern. As a nuclear power, the United States has responsibilities to both nations, in assuring that neither of these technically proficient societies is tempted or frightened in that direction. *One possible safeguard route beyond the International Atomic Energy Agency (IAEA), to which both Korea and Japan belong, might be to encourage creation of a regional organization for atomic matters, an "ASIATOM" similar to EURATOM, to monitor and possibly serve as custodian for Japanese and Korean plutonium.* Given the possibility that the Japanese breeder reactor program could produce up to 80 tons of plutonium or so in the next 15 years, such an arrangement would have palliative benefits throughout the region.

Korea

A fading of the North Korean threat, as the study projects, implies a substantial reordering of U.S. military presence in Northeast Asia, with most ground forces almost certainly departing. This could leave Japan as the only Asian country with substantial permanent U.S. military bases, and thus would increase domestic and international political pressures on Tokyo. A more powerful but uncertain Korea, with more independent military capabilities, would add to regional perceptions of potential instability.

To avoid this conjunction, and deal with several other trends, the United States should begin planning now for the shape of a post-Korean MRC force posture in Northeast Asia. Early planning is desirable because both force structure changes and political preparation take time. *As part of this planning exercise, the Navy should seriously consider permanent deployment (homeporting) of some Seventh Fleet units to Korea in a post-Korean MRC era.* Such deployment could:

- **Avoid "singularization" of Japan.** As noted above, it is likely that to preserve the U.S.-Japan security relationship over the long term, the United States should avoid a situation in which Japan is the only country in the APR with U.S. forces stationed on its

territory—a situation that could become politically difficult or untenable.

- **Tie Korea's defense to the presence of U.S. forces.** Korea's own forces would have less need to acquire capabilities that could in turn stimulate reactive acquisitions in neighboring countries.
- **Foster integration of unified Korea's military forces into a regional system.** With the ROK already contemplating a larger navy with regional or blue water missions, some adverse reaction and force development patterns from Korea's neighbors are likely unless there is a high degree of negotiated and confident transparency. A U.S. Navy presence would help broker Korean and Japanese force development and deployment patterns in ways that diminish mutual threat perception. Encouraging ROK/Japan naval contacts now, and stimulating and enhancing U.S./Japan/Korean trilateral naval cooperation programs in the future (waterspace management regimes, flight information regions, and trilateral naval planning and exercises) could be useful steps.

Among issues to be addressed are the Koreans' willingness to pay increased support costs and their possible sensitivity about units that are based in Korea but commanded from Japan.²⁷

China

China's course generates the greatest uncertainties in considering alternative futures in the APR. The security implications of China's rise are difficult to assess, and perhaps largely unknown even to China's leaders. Much will depend on the extent to which China accommodates and adjusts to the norms of an international system from which it was long excluded. Much will also depend on how the

27. For a discussion of U.S.-Korean naval cooperation in the future, see *Prospects for U.S.-Korean Naval Relations in the 21st Century*, the report of a workshop held in October 1994, sponsored by the Korea Institute for Defense Analysis (KIDA) and CNA (published by CNA, February 1995); and *Naval Cooperation After Korean Unification*, the report of a second KIDA-CNA workshop, held in December 1995 (forthcoming from CNA).

major powers, and China's neighbors, react to actions that Beijing sees as correct and fully justified.

China's perceptions of its sovereignty and territorial bounds lie at the center of these concerns. To the extent that these perceptions cut across interests and policies of other nations, conflict in the APR is possible. Armed intervention in Taiwan could result from events in Taiwan beyond America's ability to control, or it might occur if Beijing perceived the United States as weak or uninterested in the outcome. Either way, U.S. interests and those of its Asian allies and friends would suffer gravely.

Available evidence suggests that China accepts Seventh Fleet presence for its effects on the Japanese defense program, but resents Seventh Fleet for its visible superiority to any force China could put to sea in any foreseeable future, and for the fleet's potential to block China in what China claims as Chinese waters.

If actual or presumed Chinese capabilities are probably adequate to intimidate other claimants to the Spratlys, or at least to give them pause, few analysts believe that China is capable of successfully assaulting and seizing Taiwan either now or in the next 15 years. Nevertheless, most China watchers believe that if Taiwan declares independence, China will act.

The likeliest form of action is blockade of the island—a largely political act where a blockade is declared and, if necessary, enforced by submarines and mines, or the threat of submarines and mines. If Taiwan trade is important to many countries, the China trade will be more important to most, who would be reluctant to offend China on a matter of national importance to any Beijing government. As noted above, Seventh Fleet, by its presence, complicates China's decisions by suggesting the possibility of U.S. action without requiring it. By the same token, Seventh Fleet presence reassures Taiwan.

Neither party can be certain what the United States would do in such circumstances. Other states may also assume that if the United States acts, it could inhibit or prevent whatever China intended, were China willing to try. *The huge risks for all parties in a crisis of this kind suggest a U.S. national interest in discouraging Taiwan independence moves. At a*

more operational level, these risks suggest attention to the potential reaction of external powers to a crisis of this kind. Thus, a Taiwan blockade, the likeliest form of military action, seems well worth gaming in detail, especially to understand its potential political elements, e.g., the availability of Japanese bases, the effects of failure to act, the costs of various moves, and the effects on third-party governments and shippers. Therefore:

- Until a peaceful outcome on Taiwan is assured, one objective of U.S. force posture in the Pacific must be to contribute to U.S. influence in preventing conflict over Taiwan.
- A degree of ambiguity about U.S. intentions is required toward both Beijing and Taiwan.
- Other contingencies that could result from Chinese actions perceived as expansionist, e.g., in the South China Sea, are less dangerous but still potentially damaging.

China's planning in the strategic realm will be affected by what it assumes about long-term U.S. intentions, with respect to China, but also by what it understands the fleet is able to do, e.g., Seventh Fleet's surveillance and ASW capabilities. Some modernization of China's SLBM force, such as building another sub-surface ballistic missile launch platform, is probably inevitable. How many and what kind, in contrast to land- or air-based launchers, may well depend on what China understands about Seventh Fleet's capabilities and intentions.

The study does not predict that the United States will be required to pursue a strategy of "containment" of China. On the contrary, it posits that U.S. actions can contribute to China's emergence as a responsible Asian power. In late 1995, bilateral relations were at their worst since Tienanmen Square (June 1989), but primacy of fundamental national interests for both sides is likely to create opportunities for improvement.

More likely in the longer run than confrontation is a U.S. policy seeking to maximize U.S. influence with Beijing and to enmesh China in a network of mutually beneficial international relationships. This would include coming to terms with a range of reasonable and acceptable Chinese interests, including policy differences in the region and in other parts of the world. Finding ways to accommodate Chinese

interests without damaging our own will be a major job. *This will require opening as many useful lines of communication as possible, looking toward discussion and resolution of inevitable differences. Most of these channels will be civil, many of them non-governmental, but they will include a strong component involving military dialogue and engagement. Besides senior-level consultations, this would include education and exchanges, sales and technology cooperation (within limits), visits, exercises, arrangements to prevent accidents or misunderstandings, and perhaps eventually some use of Chinese facilities.* This would be similar in kind, if not depth, to U.S. relations with most other countries in the APR. It was the direction U.S.-China relations were heading in 1989.

To some extent, military-to-military relations may be fenced off from ups and downs on more contentious issues with China. Engagement would give the United States a better understanding of the People's Liberation Army's (PLA's) thinking and capabilities, and diminish chances that an isolated Beijing would see the United States as playing an adversarial role. It would provide a channel for explaining U.S. policies and objectives to a key, and highly nationalistic, segment of the Chinese polity. Military-to-military engagement would make it more likely that China would support, or at least not oppose, continued U.S. force deployment in the western Pacific.

On the balance, good U.S. security relations with China would probably be welcomed by most Asian countries—although some, notably Indonesia, could need reassurance that we were not siding with China on issues like the Spratlys.

The Navy, and Seventh Fleet, will have substantial responsibilities in fostering constructive engagement with China:

- China's expanding maritime interests suggest that the PLA Navy will get at least its due share of resources and attention, and continue to have a voice in determining China's military policies. *The U.S. Navy should look for more ways to interact with, and influence, the PLA Navy, e.g., exercises, flag visits, exchanges, and military training and education.*
- At the same time, as the PLA Navy expands its reach toward 2010, Seventh Fleet will increasingly come into contact with it

in the Pacific. *The Navy should look for ways to avoid misunderstandings and miscalculation, e.g., familiarizing the PLA Navy with USN operations and procedures, and ensuring that China's legitimate maritime boundary claims are not inadvertently infringed, a worthy subject for future consideration.*

- Most of the activities intended to foster closer navy-to-navy relations will serve the additional objective of hedging against the worse-case scenario of an aggressive, expansionist China. Engagement will ensure that China is aware of, and takes into account, U.S. military capabilities in Asia and the Pacific as it deliberates and decides security policy issues.

Russia

The decay of Russia's power-projection capabilities in the Pacific is likely to continue for substantial political and economic reasons. A reconstituted Russian military posture would probably be signaled well in advance. Most regional states appear to have taken Russia's decline as a security factor into account already. Nonetheless, as a nuclear power with resource-rich territory in the APR, Russia should not be excluded from regional affairs, and could play a constructive role in more structured northeast Asian security arrangements following Korean unification.

In order to understand developments in the Russian Far East, particularly Russian military priorities and capabilities, a program of regular, if not necessarily frequent, fleet visits and exercises should continue, even if Russian naval capabilities in the APR continue to deteriorate.²⁸

Southeast Asia

The ASEAN countries see continued basing of U.S. forces in Northeast Asia as essential, but not sufficient, to underwrite the stability they need to compete successfully for trade and investment opportu-

28. See also CIM 398, *Russian-American Naval Relations: A Plan for 1995 and Beyond: A Proposal for the CNO*, by Henry H. Gaffney, Jr., Paul Olkhovsky, and Lt. Gary M. Schiffman, USN, February 1995.

nities. More proximate U.S. military presence—at a minimum, a manifest U.S. ability to bring military force to bear in Southeast Asia in a crisis—is widely seen as necessary. Concern about China's future in Southeast Asia is strong, and a balancing strategy, bringing external powers into regional security issues, is overt, symbolized by the ASEAN Regional Forum (ARF). Increased military dialogue within ASEAN and national acquisition of modern weapon systems will contribute to regional security but will not constitute collective defense capabilities in the next 10 to 15 years.

Almost three years after withdrawal from Subic Bay, Southeast Asian leaders still see the United States as retreating from security involvement in the subregion. Repeated high-level assurances from Washington and efforts to replace the Philippine bases with bilateral agreements on use of facilities, more vigorous exercise programs, and the like have not offset this perception. In part, this is because Subic and Clark represented nearly a hundred years of permanent presence, tying the United States to the region in ways that periodic floating visits, increased mobility, and high-technology remote systems cannot.

On the other hand, Southeast Asian leaders acknowledge that the era of permanently based foreign military forces in their region is over. After the Philippine withdrawal, apart from Singapore, they were—and remain—unwilling to expend much political capital to support continued basing of U.S. forces in the region. Barring a military crisis that overturns current perceptions, this problem will remain.

Japan, and to a lesser extent Korea, may become increasingly dependent on the security provided by the U.S. force posture in Southeast Asia. The study projects that Japan may accelerate movement of up to 20 percent of its productive capacity offshore, with a large part going to Southeast Asia. Japanese companies are increasingly involved in oil and gas production in the South China Sea. If the Japanese business and financial community perceived the United States as unable to guarantee regional security, it could push for extension of Japan's own security perimeter to Southeast Asia, generating countermoves by Beijing.

Fleet presence will continue through the period to be one important element underwriting formal security commitments to the Philippines and Thailand, political support for ASEAN, and stability for the entire region. No other external power has both the means and the political acceptability to play such a balancing role. Regular USN exercises and access agreements, however, will not in themselves translate into the same degree of influence that the Philippine bases provided.

To bridge the gap between permanent basing and floating presence, in addition to exercises and ship visits, the Navy should look for opportunities to become more directly involved on a continuing basis in regional security defined broadly, as the Southeast Asians see it.

Possibilities could include:

- *Expanded information and intelligence sharing.*
- *Increased focus on working with regional navies to improve their capabilities, through exercise programs such as CARAT.*
- *Low-key participation in non-military tasks such as patrolling against smuggling and piracy, traffic management, and pollution abatement.*
- *Prepositioning equipment relevant to Southeast Asia contingencies (as opposed to extra-regional MRCs, as in the case of the 1994 request to Thailand). Contingencies could include non-military ones, e.g., disaster relief, accidents in the Straits of Malacca and Singapore.*
- *Detailing a Coast Guard vessel to Seventh Fleet for law enforcement related tasks the Navy does not normally perform, and assigning Coast Guard personnel to appropriate staffs.*
- *Expanding the role of COMLOGWESTPAC, Singapore, in managing these functions, to underscore U.S. presence and commitment (with due attention to Singaporean and other sensitivities).*

Straits/SLOCs and South China Sea issues

The Navy's unimpeded transit through the Straits of Malacca and Singapore will be essential for Southwest Asia contingencies and important for more routine needs, such as Diego Garcia support. The study

identified no national threats to freedom of navigation through these sea lanes. On the contrary, growing dependence by all Asian nations in external trade increases the interest of all in SLOC security. Congestion could produce non-military problems, however, and subnational terrorism could become more attractive to radical groups. If traffic quadruples and Southeast Asia becomes the world's most important maritime route, Malaysian and Indonesian pressure to go beyond the LOS in extending mandatory traffic rules or restrictions could grow.

If such pressures do emerge, the question becomes how best to cope with them. Standing on principle, namely that the LOS to which we are all parties has addressed passage issues, will be necessary but may not be enough. Broad national interests in the region suggest that it would be better to avoid confrontations with these governments over transit rights, if we can. A situation in which littoral states would on their own try to impose restrictions, which we then ignored in highly visible fashion, might leave us legally, and perhaps morally, correct but would foreclose or at least endanger future cooperation with these states on other important regional or global issues. Furthermore, other maritime nations might not support us in such circumstances.²⁹

One option the Navy should consider is more U.S. involvement in monitoring the straits and adjoining sea areas, to detect problems early on—for example, by aerial surveillance. This could be a cooperative effort with Australia (whose interests parallel ours) and interested Southeast Asian governments. The aim would be to avoid confrontation with littoral states with which the United States has, and will continue to require, good relations.

The issue of port calls by nuclear-powered vessels is potentially sensitive and will require even more careful management in the future. Nuclear sensitivities in the Pacific may grow as Japan's shipments of plutonium and fuel waste increase, because such shipments sensitize regional elites and publics to this issue.

29. See also CRM 94-38, *Challenges in Strategic Waters: Final Report*, by Thomas J. Hirschfeld and Richard E. Hayes, June 1994, pp. 37-40.

In the Spratly Islands, neither armed conflict over sovereignty claims nor peaceful, negotiated resolution can be ruled out, but prolonged disagreement and occasional confrontation between ASEAN claimants and China appears the more likely future. The United States will not take sides on legitimacy of claims, but, as noted above, U.S. interests will be affected by any outcome.

In these ambiguous circumstances, potential roles for fleet units are difficult to foresee. They could range from providing visible presence to deter conflict, to carrying out escort duties to prevent hostilities from spilling over and endangering international shipping. *The Navy should monitor moves of the players closely as long as no resolution of sovereignty is in sight.*

Apart from the Spratlys issue, the South China Sea will become more crowded as commercial traffic increases, local navies acquire more ships, oil and gas exploration and production expand, fishing increases, and research on other seabed resources begins. Presence of U.S. companies and personnel, primarily but not exclusively in the energy sector, will grow.

U.S. interests in freedom of navigation and protecting American nationals suggest that the Navy should plan for ready availability of fleet elements in the South China Sea, a need that may grow in the future.

Indonesia

As the largest country in ASEAN, with a leading role in that organization, Indonesia's course in the post-Suharto era will have major effects on Southeast Asian affairs. Indonesia has supported and advanced U.S. objectives in Asia in important ways in recent years, e.g., in matters of free trade and the APEC organization. Yet bilateral relations have been sorely tried over human rights issues. Americans have less contact with Indonesia than other Southeast Asian countries. Indonesian leaders believe the United States takes them for granted.

Naval relations with Indonesia may offer a channel relatively unencumbered by human rights violations. Indonesia will put more resources into naval and other programs to protect its maritime interests. The Navy has a major interest in Indonesia's actions as a key

archipelagic state under the LOS regime. In particular, Indonesia's approach to the issue of archipelagic sea lanes will set important precedents. *A concentrated effort by the Navy to design cooperative programs for Indonesia (in addition to ASEAN-wide programs such as CARAT) would help generate influence.*

Indonesia will be reluctant to engage in multilateral exercises for at least the immediate future, but will welcome bilateral engagement with the USN. Training and education are particularly valued; overcoming constraints on IMET is an elementary first step.

Facilities available to Seventh Fleet in Southeast Asia

This study did not identify extensive future needs for new facilities to support U.S. force presence in Southeast Asia. It also became evident that operational needs of the fleet for local facilities are sometimes irrelevant to the goal of maximizing the political effects of fleet presence. Indeed, needs for local facilities sometimes conflict with this purpose. Some of the operational requirements that became clear after the Navy's withdrawal from Subic pose political or other problems; air and ground live-fire training areas and ammunition storage, for instance, can irritate or frighten local populations and encumber land useful for other purposes. On the other hand, some forms of access that are politically easier and heighten the visibility of fleet units do not contribute much to operational effectiveness, such as agreements on commercial access to local shipyards.

There will be no perfect solution to these tensions. *What these tensions suggest is that the Navy will need to determine new facility requirements well in advance and factor in political cost/benefit considerations.*³⁰

Navy use of Philippine facilities on a commercial basis, probably including portions of the former base at Subic, will come in due course (two USN vessels called at Subic in 1995). Political fallout from the termination of the base agreement and U.S. withdrawal remains, however. Continued resistance to formal new facility arrangements is likely for some time, and pushing too early for Navy access could catalyze opposition. Innovative approaches, such

30. For an analysis of basing and facility needs in the region see CRM 93-67, *Pacific Fleet Basing Study: Final Report*, by Desmond P. Wilson, May 1993.

as assisting development of facilities for use by other ASEAN countries in return for U.S. access, may help.

The departure of U.S. forces stimulated the Philippine government's attention to its own neglected defense resources, for whose modernization an estimated U.S. \$12 billion has been allocated. Some \$4 billion is to go to the Philippine navy. *The U.S. Navy has an interest in influencing Philippine naval modernization programs, through consultation and assistance as possible, to encourage development of capabilities tailored to shared objectives, to foster interoperability, and to contribute to a climate of better overall security cooperation.*

Vietnam offers geographically attractive options, but the high probability of continued mutual Chinese-Vietnamese hostility complicates the issue. *Given the special sensitivity of U.S. military relations with Vietnam in the broader context of U.S.-China relations, the Navy should plan well in advance which military activities it conducts with other ASEAN countries should be extended to Vietnam, and the timetable for doing so.*

Without conceding a Chinese right of oversight, any use of Cam Ranh Bay facilities should be balanced or offset by engagement with China—at least while China is not an adversary of the United States in the region. If U.S.-China relations are tense over Taiwan, for example, an access agreement for Cam Ranh Bay would heighten those tensions, whereas the same agreement during a period of good, expanding U.S.-China relations might generate less reaction from Beijing.

Elsewhere in Southeast Asia, costs of military use of commercial facilities are likely to rise as economies mature, ports and SLOCs become more congested, and commercial competition for land use increases.

Australia

Australia's growing involvement in regional defense, and its cultivation of close security relations with key Southeast Asian countries, warrant taking a fresh look at partnership with Australia in Southeast Asia. U.S.-Australian defense relations are strong, and it is difficult to foresee requirements for additional Navy efforts with Australia in the bilateral context. Regionally, Australia can be an even more effective partner than it is now. Canberra will continue to wish to build a more

independent Asian identity, however, and will not want to be seen as a junior partner to the United States.

The Navy should look for ways to share responsibilities with Australia—for example, in monitoring maritime developments. As Australia expands its role in providing training sites and assistance for Southeast Asian armed forces, there may be opportunities for cooperation.

Australia's deepening relationship with Indonesia gives its views on that country particular weight. *U.S.–Australian navy staff talks and reciprocal flag visits should include discussion of Indonesian and other Southeast Asian developments. Australia's point of view—different from ours by virtue of scale and location—can provide useful triangulation (and sometimes correction) on regional issues.*

Indian Ocean

With a generally benign environment projected for U.S. forces in the South Asia/Indian Ocean region, this part of the APR is unlikely to require shifts in operations or deployments, or to confront the Navy with obstacles to transit between the Pacific and Southwest Asia. U.S. security relations with India will probably improve in the next 10 to 15 years, but will be limited by differences over India's nuclear stance, India's sensitivities about open military cooperation, and by U.S. reluctance to share as much military technology as the Indians might want.

Although India's defense resources are likely to be invested more heavily on internal security than naval projection, it will have the capability to build blue water naval forces toward the end of the period. *India's military establishment, still highly professional and apolitical, will welcome more exchanges and other contacts with U.S. forces and a more extensive exercise program. These would serve U.S. interests well. The Indian navy, while not becoming the blue water, sea control force once contemplated, will still be a worthwhile exercise partner.*

Conflicts in the region, although not likely to involve U.S. forces, could be violent (and in the case of India–Pakistan possibly involve nuclear weapons) and require protection or extraction of U.S. nationals.

India's role in international peacekeeping, already considerable, will continue or expand. A range of operations other than war (OOTW) involving Indian and U.S. forces under the aegis of the UN or another international organization may be possible and desirable in the future; such OOTW could include responding to natural disasters.

If U.S.-Indian relations improve markedly, later in the period India could be willing to provide some use of its facilities, such as shipyards, for USN purposes. This would still be constrained by Indian foreign policy priorities and sensitivities, and utility would thus be limited.

Transnational problems

Participants in the study were asked to look for, among other things, transnational problems—e.g., demographic, environmental, or medical issues—that could affect fleet operations between now and 2010.

Rapid economic growth in Asia will have some direct effects on Navy objectives and operations.

The Navy should monitor and assess Asian regional economic developments closely for an understanding of the effects of trade, investment, and technology patterns on security. In particular, it should examine:

- *Emerging patterns and composition of sea trade (with an emphasis on changing flows and rates of change), and of trade in agricultural and other bulk commodities, oil, and LNG*
- *Adequacy, safety, and security of Asian straits and sea lanes*
- *Electronics, communications, information, transportation, and other technology developments in Asian countries in and outside Japan, particularly in Korea, Taiwan, Singapore, and India.*

The spreading Asian AIDS pandemic was an obvious candidate for close scrutiny, given the current scope of the problem in some South-east Asian countries and the probability of explosive growth in infected populations elsewhere, e.g., India. The Navy's reported success in preventive programs, and the apparent non-correlation of new HIV infections with port visits, suggest that while AIDS will have

a devastating human and economic effect in a number of countries, it will not constrain fleet operations.

The study also examined weapon acquisition and development, and prospects for regional security organizations and for arms control arrangements. The Korean unification process aside, there were few prospects for arms control on the horizon, and none by 2010. The Korean unification process itself was too speculative and complex to identify and describe in this paper. As noted above, none of the existing dialogues suggested much prospect of transformation into regional security arrangements or of confidence-building regimes of the sort now familiar in the European context. Thus there seems to be little prospect that naval operations or deployments will be constrained by arms control arrangements, or that future coalitions will be supported by regional military alliance structures, at least not by 2010.

With respect to weapon development and acquisitions in the APR, as noted in the second section, although Asian arsenals would grow, there is no combination of forces now visible in the Pacific that would challenge U.S. forces in general or the U.S. Navy for dominance by 2010. Indeed, armament modernization in the region is likely to remain commensurate with economic growth rather than to become an arms competition.

For non-nuclear scenarios, the threat to surface forces from proliferating cruise missile capability seems more relevant than the threat of ballistic missiles: cruise missiles are cheaper, will be increasingly smarter and harder to counteract, and can be launched from a variety of sea- and air-based platforms (and thus have a longer range). *The Navy should factor into its force planning the probability of more widespread, and capable, cruise missile capabilities in the APR toward 2010.*

The number of plausible nuclear scenarios should decline once the Korean MRC has gone away. Such a measured pace for regional weapons modernization suggests continued forward presence and careful monitoring of regional developments to assure that the dominant U.S. military position is retained and remains obvious to the states in the region.

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